

Ad hoc announcement pursuant to Art. 53 LR

The 2023 business year

A robust result in a challenging environment

The CPH Group achieved earnings before interest and taxes (EBIT) of CHF 83 million for 2023, on net sales of CHF 624 million. The net result for the year amounted to CHF 79 million. The Group can thus report its second-best-ever annual EBIT and net result. The 2024 Annual General Meeting will be asked to approve the distribution of a dividend for the 2023 business year of CHF 4.00 per share.

in CHF millions	2023	2022	± in CHF	± in %
Net sales	624	725	-101	-14.0%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	102	131	-29	-22.2%
EBITDA margin	16.3%	18.1%		
Earnings before interest and taxes (EBIT)	83	112	-29	-26.4%
EBIT margin	13.3%	15.5%		
Net result	79	101	-22	-21.8%
Return on equity (ROE)	18.9%	28.5%		

Perlen, 20 February 2024 – The CPH Group generated net sales of CHF 624 million for 2023, 14.0% down on the previous year. While the Group’s Chemistry and Packaging divisions set further sales records, net sales for the Paper Division saw a substantial decline. At constant currency, group net sales for 2023 were 10.4% below their prior-year level.

“Thanks to continuing strong demand for their products, our Chemistry and Packaging divisions were able to raise their net sales in 2023 to new record highs,” says Dr. Peter Schildknecht, CEO of the CPH Group. “At our Paper Division, however, a combination of lower paper prices and reduced sales volumes resulted in a sizeable net sales decline. Despite the challenging environment, though, we are able as a group to report our second-best-ever annual EBIT and net result.”

Chemistry: double-digit net sales and EBIT growth

The Chemistry Division generated net sales of CHF 124 million in 2023, a 12.6% increase on the previous year or an 18.2% improvement at constant currency. Molecular sieves for use in

industry applications and the energy sector and deuterated products for use in the pharmaceuticals segment, laboratory analyses and OLED displays all remained in demand, while declines were seen in the demand for the division's products from the construction and medicinal sectors. The division expanded the capacities at its Rütli site and raised the efficiency of its US and Chinese operations. Thanks not least to a firm focus on high-value products, EBIT was raised to a new record high of CHF 16 million, a 14.1% improvement on the previous year.

Paper: steep decline in demand, but EBIT still solid

In a market which saw declines in demand of more than 20%, the 371 300 tonnes of paper which were sold by the CPH Group's Paper Division in 2023 were below prior-year levels. Despite this, however, the division was able to further increase its share of the European market. With the lower sales volumes combining with strong downward pressure on paper sales prices, the division's 2023 net sales were 31.7% down on the previous year at CHF 262 million. Net sales declined 29.1% year-on-year at constant currency. Divisional EBIT for the year amounted to CHF 31 million – a solid earnings result, but well below the record level of 2022.

Packaging: net sales and EBIT at new record highs

Once again, the production facilities of the Packaging Division were operated at close to full capacity throughout 2023. The division benefited from record levels of orders at the end of the previous year. The higher sales volumes helped generate record net sales for the year of CHF 237 million – a 2.9% improvement on 2022, or a 7.1% increase at constant currency. With pharmaceuticals manufacturers' procurement resuming more normal practices, the division's order volumes returned to pre-COVID levels. New slitting facilities commenced operations in Germany and Brazil towards the end of the year. The division's very high capacity utilization and its broad product mix of films with various barrier properties both impacted positively on EBIT for the year, which was raised 52.6% to CHF 36 million.

Net result of CHF 79 million

Group EBITDA for 2023 amounted to CHF 102 million, a CHF 29 million year-on-year decline. After ordinary depreciation and amortization of CHF 19 million, group EBIT totalled CHF 83 million. The net result after taxes amounted to CHF 79 million (prior year: CHF 101 million). The CPH Group repaid the remaining portion of its CHF 100 million five-year 2% corporate bond upon the bond's maturity in October 2023. The repayment was effected from existing cash. The

CPH Group remains in very sound financial health, with an equity ratio of 73%. The Group held year-end net liquid assets of CHF 107 million.

Investments in the divisions

The CPH Group invested CHF 35 million in fixed assets in the course of 2023 to further increase capacities in its Chemistry and Packaging divisions and further enhance the efficiency of its production facilities in all three divisions. Cash flow declined from CHF 129 million to CHF 90 million, while free cash flow increased from CHF 68 million to CHF 92 million. Annual personnel cost rose slightly to CHF 103 million. With capacities further expanded, year-end headcount increased from 1 181 to 1 195 employees.

Market entry in India

The CPH Group took a further step in its international expansion strategy in January 2024 with the acquisition of the Indian-based Sorbead India and Swambe Chemicals company, which is active in the molecular sieve and gel product segments. The acquisition gives the Chemistry Division its own presence in the Indian chemicals and pharmaceuticals markets, and further expands the division's product range. The CPH Group also aims to establish its own company in India to share in the subcontinent's strong business growth. The purchase transaction is expected to close in the second quarter of 2024.

Dividend of CHF 4.00 per share to be proposed

The Board of Directors will recommend to the Annual General Meeting in Lucerne on 20 March 2024 that a dividend of CHF 4.00 (prior year: CHF 4.50) per share be distributed for the 2023 business year. This would represent a dividend yield of 4.7%.

Outlook for 2024: many uncertainties remain

According to the forecasts of the International Monetary Fund (IMF), the global economy should grow by 3.1% in 2024. Following the continued interest rate hikes to help counter inflationary trends in 2023 and the recent uncertain market developments, the broader business prospects are presently hard to read. The continuing economic uncertainties and the geopolitical conflicts in Eastern Europe, the Middle East and Asia pose further questions in an already far-from-stable economic environment.

“Given the currently uncertain economic environment, a reliable business prognosis for 2024 is almost impossible to make,” concludes Dr. Peter Schildknecht. “Overall, we expect to report lower net sales at the group level. And both our group EBIT and our net result for the year are likely to be in the lower double-digit millions.”

Net sales and EBIT for the Chemistry Division are unlikely to quite reach their high 2023 levels. Current projections for 2024 for the Paper Division suggest a steep decline in demand for its products and a correspondingly negative EBIT result. The Packaging Division expects net sales for 2024 that are slightly down on 2023 and earnings for the year which, after an exceptional 2023, should be more in line with 2022 result. Further investments in the Group’s fixed assets are planned for 2024 which, in line with overall strategy, should further expand the capacities and enhance the efficiency of production facilities in all three business divisions.

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About CPH

CPH is an internationally active and diversified industrial group which is headquartered in Switzerland. The CPH Group develops, manufactures and distributes chemical products, wood-based paper and pharmaceutical packaging films. The Group and its subsidiaries maintain production facilities in Switzerland, Germany, Bosnia and Herzegovina, the USA, Brazil and China. The shares of its holding company CPH Chemie + Papier Holding AG are listed on the SIX Swiss Exchange (ticker: CPHN).

This media release contains future-oriented statements about the CPH Group that are subject to risk and uncertainties. These statements reflect the management’s opinions at the time of the release’s compilation, but actual future events may deviate therefrom.

Key figures

in CHF millions	2023	2022	± in CHF	± in %
Net sales	624	725	-101	-14.0%
Gross profit	260	294	-34	-11.6%
Gross profit margin	41.7%	40.6%		
EBITDA Chemistry	22	19	+3	+15.2%
EBITDA Paper	37	81	-44	-54.6%
EBITDA Packaging	43	31	+12	+36.7%
EBITDA Other/Consolidation	-	-	0	n.a.
EBITDA	102	131	-29	-22.2%
EBITDA margin	16.3%	18.1%		
EBIT	83	112	-29	-26.4%
EBIT margin	13.3%	15.5%		
Net result	79	101	-22	-21.8%
Return on equity (ROE)	18.9%	28.5%		
Cash flow¹	90	129	-39	-30.2%
Cash flow from operating activities	110	98	+12	+12.5%
Capital expenditures for fixed assets	35	34	+1	+2.2%
Free cash flow	92	68	+24	+35.1%
Total assets	598	666	-68	-10.2%
Shareholders' equity	436	400	+36	+9.2%
Equity ratio	72.9%	60.0%		
Net liquid assets	107	45	+62	+139%
Capital employed	325	344	-19	-5.4%
Net operating profit after tax (NOPAT)	70	97	-27	-27.7%
Return on capital employed (ROCE)	20.9%	29.2%		
Headcount (FTE)	1 195	1 181	+14	+1.2%
Share information (in CHF)				
Share price as at 31.12	85.00	78.00	+7.00	+9.0%
Price-earnings ratio as at 31.12	6.5	4.6	+1.9	+40.5%
Earnings per share	13.15	16.83	-3.68	-21.9%
Dividend per share	4.00 ²	4.50	-0.50	-11.1%
Dividend yield	4.7%	5.8%		
Market capitalization at 31.12 (in CHF millions)	510	468	+42	+9.0%

¹ Before change in non-financial net working capital

² Board of Directors' proposal to the Annual General Meeting of 20 March 2024

For supplementary definitions of financial ratios (alternative performance measures) please see Page 91 of the 2023 Annual Report.